

# NEW HAMPSHIRE STATE LIQUOR COMMISSION

## MINUTES OF MEETING – AUGUST 23, 2006

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Randall Avery, Deputy Chief of Enforcement; Steven Slovenski, Legal Counsel; Kathleen McCabe, Director of Purchasing; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Administrative Services. Guests: Brian Law, Law Warehouses.

### I. FINANCIAL & ADMINISTRATIVE REPORTS

#### 1. Financial Reports

##### A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending August 20, 2006 increased by 4.68% or \$406,165 for the weekly comparison, and also increased year-to-date by 4.7% or \$2,997,829.

##### B. Budget/Administrative Reports:

The Commission has no agenda items on the Governor and Council Meeting agenda for this morning.

Craig, George and Chairman Maiola attended the Senate Ways and Means Committee meeting yesterday regarding revenues for FY06 and projected revenues for FY07. The Committee appeared to be satisfied with the Commission's responses to their questions. The operating budget for FY08-09 must be finalized by next Tuesday or Wednesday. Craig requested guidance from the Commission as to how they wanted it presented. Chairman Maiola requested that this be discussed in today's executive session.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 14.5% expired, with total budget expenditures at around 13%. George is waiting for information as to what will be needed for relocation expenses.

Accounting is working on a number of contracts, some of which are being delayed again at the Attorney General's Office. Howard remarked that they have yet to hear back regarding the point-of-sale lease.

2. IT Report

There was discussion with the Lottery regarding automatic ordering of sweepstakes tickets from stores. A meeting will be held tomorrow to discuss this further.

The IT budget is just about finalized.

This afternoon a representative from OIT will present a new tool for web monitoring, which also has the capability of limiting access to certain sites. Howard will be looking for guidance from the Commission as to what rules they would like enforced.

**II. MARKETING & SALES REPORTS**

1. Store Operations:

Total retail sales for the week ending 8/20/06 were up by 4.02% or \$238,653.86.

Peter attended a Portsmouth Planning Board meeting last week, at which time the restrooms at Store #38 were discussed. The building permit should be received within the next several weeks, with the project being completed around Halloween. The public bathroom project at Store #34 Salem is scheduled to begin next week.

Delivery of the shirts for store personnel began, but those received were only in male sizing. George, Peter and Charline met with a representative from the contracted company, and female shirts should be delivered to the stores within three weeks.

2. Purchasing Report:

Kathy distributed the latest warehouse out-of-stock reports.

3. Merchandising Report:

A. SPIRITS:

- 1) It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seventeen (17) spirit items to be included in the 2006 Holiday Listings, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Products:

a. Test Market Request (Scottish Piper Scotch Whiskey):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Pup's Cider Company/Hayman Distillers for a test market listing for Scottish Piper Scotch Whiskey, 750ML size (assigned new Code #1899), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Corzo Blanco, Anejo & Reposado):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA for test market listings for Corzo Blanco Tequila (assigned new Code #3461), Corzo Anejo Tequila (assigned new Code #3460) and Corzo Reposado Tequila (assigned new Code #3463), to be initially distributed to Cluster 1, 2 and 3 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Certeza Blanco, Reposado & Anejo):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Boisset America for test market listings for Certeza Blanco Tequila (assigned new Code #3956), Certeza Anejo Tequila (assigned new Code #3958) and Certeza Reposado Tequila (assigned new Code #3957), to be initially distributed to Cluster 1, 2 and 3 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (The Glenlivet Nadurra Malt Scotch):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Pernod Ricard USA for a test market listing for The Glenlivet Nadurra 16-Year Old Single Malt Scotch, 750ML size (assigned new Code #1800), with limited distribution to 62 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Request (H.W. Pomegranate Schnapps):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Pernod Ricard USA for a test market listing for Hiram Walker Pomegranate Schnapps, 750ML size (assigned new Code #5179), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Test Market Result (Codes #3478, #3718 & #2181):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #3478, Smirnoff Green Apple, 375ML size, Code #3718, Smirnoff Watermelon Vodka, 1.75L size and Code #2181, Canadian Gold Whiskey, 1.75L size, as each of these added sizes failed to achieve their respective gross profits required for full distribution at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Pernod Ricard “Cheers to the Holidays” Rebate Offer:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Pernod Ricard USA to conduct a “Cheers to the Holidays” progressive coupon program featuring 38 spirit codes during October, November and December 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Polar Ice Vodka Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./McCormick Distilling Company to conduct a Polar Ice Vodka Sweepstakes during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Moet Hennessy & Veuve Clicquot Gift Card Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E.,

Inc./Moet Hennessey USA to conduct a Veuve Clicquot Gift Card Sweepstakes featuring 10 spirit/wine codes during October, November and December 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) October Special Offers:

a. 16 electronic offers – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers submitted electronically by Executive Wine & Spirits, based upon depletions for sixteen (16) spirit items, to be featured on sale during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 electronic offer – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer submitted electronically by Martignetti Companies of N.H., based upon depletions for one (1) spirit item, to be featured on sale during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 1 electronic offer – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer submitted electronically by Horizon Beverage Company, based upon depletions for one (1) spirit item, to be featured on sale during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 27 electronic offers – Southern Wine & Spirits of N.E./Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers submitted electronically by Southern Wine & Spirits of N.E., Inc. and Horizon Beverage Company, based upon depletions for twenty-eight (28)

spirit items, to be featured during the Columbus Day Sale (Thursday, September 28 through Monday, October 9, 2006), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

**1) Close Outs:**

**a. 2 items – Horizon Beverage Company:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out pricing submitted by Horizon Beverage Company for two (2) wine codes, with no purchase of inventory from Law Warehouse, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. 8 items – Southern Wine & Spirits of N.E.:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out pricing and case cost adjustment submitted by Horizon Beverage Company for eight (8) wine codes, with no purchase of inventory from Law Warehouse except for three (3) designated items, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**2) Moet Hennessey Holiday Sweepstakes Oct., Nov. and Dec. 2006):**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Diageo Chateau & Estates to conduct a Moet Hennessey Holiday Sweepstakes program during October, November and December 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**3) Purchases and Introductions:**

**a. Scala Dei:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from M.S. Walker NH for the Commission to purchase Code #44278, Scala Dei Priorat for display in Cluster 1 and 2 stores, but approve the placement of three absolutes of this product in all Cluster 1 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Ruffino II Ducale Chianti:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Southern Wine & Spirits of N.E., Inc. for the Commission to purchase Code #44217, Ruffino II Ducale Chianti for display in Cluster 1 and 2 stores, but approve the placement of three absolutes of this product in all Cluster 1 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Test Market Products:

a. Codes #43561, #43563, #43569 & #43565:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company to test market Code #43561, Abadia Retuerta Rivola, Code #43563, Chivite Gran Feudo Rose, Code #43569, Saceda Rioja Crianza and Code #43565, Chivite Gran Feudo Crianza by placing three absolutes in all Cluster 1 stores and four other designated stores, including in-store tastings in selected stores throughout September 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Oroya White:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of NH to test market Code #43313, Oroya White by placing three absolutes in all Cluster 1 stores and five other designated stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. Codes #44185, #41433, #41435 & #41429:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from R.P. Imports to test market Code #44185, Liberalia Tres Toro, Code #41433, Villacezan Elverite, Code #41435, Bouza do Rei Castel de Bouza and Code #41429, Cepas Y Bodegas Vinalcasta by placing three absolutes in all Cluster 1 stores and four other designated stores, including in-store tastings in selected stores from August 25 through October 6, 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. Lavradores de Feitoria Tres Bagos & Douro Red:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker NH to test market Code #44074, Lavradores de Feitoria Tres Bagos Red by placing three absolutes in all Cluster 1 stores and five other designated stores, plus approve the placement of a list of Portuguese wines on close out sale, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. Cordorniu Pinot Noir Brut Cava & RSV Raventos Brut:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from M.S. Walker NH to test market Code #44270, Codorniu Pinot Noir Brut Cava and Code #44271, Codorniu RSV Raventos Brut with shelf placement in Cluster 1 and 2 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. Fleur de California Petite Sirah:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. to test market Code #41372, Fleur de California Petite Sirah by placing three absolutes in all Cluster 1 stores and five other designated stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.



g. Stock Asti Spumante:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. to test market Code #44124, Stock Asti Spumante in all Cluster 1 stores and two other designated stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) allocated wine items for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated Wines (Absolutes) for Distribution to Selected Stores (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) allocated wine items (absolutes) for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Primary Source Submissions (8 exclusive agent; 20 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are offered by the exclusive marketing agent and twenty (20) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – No report.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated August 17 through August 23, 2006. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

**V. EXECUTIVE SESSION**

The meeting adjourned at 1:15 p.m., and the Commission entered into non-public session to discuss personnel and store location items.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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